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GOVERNMENT OF INDIA

MINISTRY OF AGRICULTURE AND FARMERS WELFARE

DEPARTMENT OF AGRICULTURE AND FARMERS WELFARE

LOK SABHA

UNSTARRED QUESTION NO. 2727

TO BE ANSWERED ON THE 4th August, 2026

MSP PROCUREMENT CENTRES

2727. Shri Amra Ram:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि और किसान कल्याण मंत्री be pleased to state:

(a) whether the Government proposes to increase the number of procurement centres in the States where farmers are unable to avail the benefits of the Minimum Support Price (MSP) and if so, the State-wise details thereof;

(b) whether the Government has made any assessment regarding the percentage of production of the MSP-declared crops that farmers were compelled to sell at prices below the MSP and if so, the details thereof; and

(c) whether the Government is taking any corrective steps to make the MSP system more effective in accordance with the recommendations of the Commission for Agricultural Costs and Prices (CACP) and if so, the details thereof?

ANSWER

MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE
कृषि एवं किसान कल्याण राज्य मंत्री (SHRI RAMNATH THAKUR)

(a) & (b): Every year, Government fixes Minimum Support Price (MSP) for 22 mandated agricultural crops based on the recommendations of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned.

The Union Budget for 2018-19 had announced the pre-determined principle to keep MSPs at levels of at least one and half times of the cost of production. Accordingly, Government had increased MSPs for all mandated Kharif, Rabi and other Commercial crops with a minimum margin of 50 percent over all India weighted average cost of production from year 2018-19 onwards.

The objective of MSP is to ensure remunerative prices to the growers for their produce with a view to encourage higher investment and balanced cropping pattern. After MSP announcement, designated procurement agencies offer to procure agricultural crops and farmers has the option to sell their produce to the government agencies or in the open market whichever is beneficial to them. Therefore, MSP serves as a mechanism to stabilize agricultural market prices, safeguarding farmers against extreme price volatility. Out of the total production, only marketable surplus is available for procurement by Government agencies when market price of these produces fall below the MSP.

The Department of Food and Public Distribution undertakes procurement of wheat, paddy, cereals and coarse cereals at Minimum Support Price (MSP) through the State Government Agencies and Food Corporation of India (FCI) for the Central Pool. Under Price Support Scheme of the Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA), procurement of notified pulses, oilseeds and copra is undertaken by the State through the Central Nodal Agencies. Under the above procurement operations the Procurement Centres are set up by the respective State Governments based on production, marketable surplus, convenience of farmers and availability of logistics and infrastructure such as storage and transportation. The number of purchase centres operated by FCI and State Government agencies for paddy procurement increased from 46,554 during KMS 2023-24 to 50,334 during KMS 2024-25. For wheat procurement, the number of purchase centres increased from 17,611 during RMS 2023-24 to 20,711 during RMS 2024-25.

Under Price Support Scheme(PSS) of PM-AASHA, the procurement period is generally up to 90 days and is extended by a further 30 days on the request of the concerned State Government to enable farmers to avail the benefit of MSP. To further expand procurement outreach, Primary Agricultural Credit Societies (PACS), Farmer Producer Organizations (FPOs), Farmer Producer Companies (FPCs) and Cooperative Societies have been associated with procurement operations. In addition, the Central Nodal Agencies have been permitted to undertake direct procurement of notified pulses, including Tur, Gram, Masur and Urad, from pre-registered farmers through their procurement centres, as required. The number of procurement centres operated under the Price Support Scheme (PSS) by NAFED (National Agricultural Cooperative Marketing Federation of India Ltd.) and NCCF (National Cooperative Consumers' Federation of India Limited) increased from 6,258 during 2023-24 to 13,916 during 2024-25 and further to 17,317 during 2025-26.

Further, procurement of cotton and raw jute at MSP is undertaken by the Cotton Corporation of India (CCI) and the Jute Corporation of India (JCI), respectively. To facilitate farmers' access to MSP procurement and to strengthen procurement operations, CCI has expanded its procurement network, introduced the Kapas Kisan App for farmer registration and slot booking, provided SMS-based updates, conducted awareness campaigns and established grievance redressal mechanisms. The number of MSP procurement centres operated by the CCI increased from 437 during 2021-22 to 571 during 2025-26. Similarly, JCI has implemented digital farmer registration, online procurement and monitoring systems, and technology-based crop monitoring mechanisms to ensure timely market intervention and effective MSP operations. Further, JCI has strengthened its procurement arrangements by maintaining 110 Departmental Purchase Centres (DPCs) across the major jute-growing States to facilitate timely MSP operations and improve farmers' access to procurement.

(c): While recommending MSPs, the Commission for Agricultural Costs & Prices (CACP), considers important factors like cost of production, overall demand-supply situation of various crops in domestic and world markets, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sector, likely effect of price policy on rest of the economy and a minimum of 50 percent as the margin over cost of production.

Increased MSP has benefited farmers of the country. The total procurement of all 22 MSP crops has increased from 6,987 Lakh Metric Tonne (LMT) during 2004-14 to 12,819 LMT during 2014-26 (upto June 2026). The MSP amount paid to farmers has increased from Rs. 7.41 Lakh Crores during 2004-14 to Rs. 27.80 Lakh crores during 2014-26 (upto June 2026).

To make the MSP procurement process more effective, transparent and farmer-friendly, several measures have been taken. Adequate number of procurement centres are opened to facilitate farmers in selling their produce at MSP. Temporary purchase centres in addition to the existing Mandis and depots/godowns are also established at key points. Necessary logistics arrangements are made including provision of gunny bags, storage facilities, transportation, weighing equipment and quality testing infrastructure for smooth conduct of procurement operations. Wide publicity is undertaken through print, electronic and social media, in local languages, regarding procurement schedules, locations of procurement centres and Fair Average Quality (FAQ) parameters to enhance farmers' awareness and participation. The procurement process has also been digitized through dedicated portals covering farmer registration, procurement operations and Direct Benefit Transfer (DBT) of MSP payments.

Government has launched Mission for Aatmanirbharta in Pulses till 2030-31, to reduce imports, depends and achieve self-sufficiency in pulses to encourage domestic production of pulses, the government is undertaking procurement of Tur, Urad and Masur under Price Support Scheme (PSS), a component of PM-AASHA on the request of State government from pre-registered farmers as much as offered by them to NAFED and NCCF.

Government also implements Market Intervention Scheme (MIS), a component under PM-AASHA, for procurement of agricultural and horticultural commodities, which are perishable in nature and are not covered under the PSS. The objective of intervention is to protect the growers of these commodities from making distress sale in the event of a bumper crop during the peak arrival period when the prices tend to fall below economic levels and the cost of production. There should be at least a 10 percent decrease in the ruling market prices over the previous normal year. The scheme is implemented at the request of a State/UT government.

Government has introduced a new component of Price Differential Payment (PDP) under Market intervention scheme (MIS) from 2024-25 season for direct payment of the price difference between the Market Intervention Price (MIP) and the selling price to the farmers of perishable crops. States/UTs have an option to choose either to do physical procurement of the crop or to make the differential payment between the MIP & Sale Price to the farmers.

Further, from 2024-25 season, Government added another component under Market intervention scheme (MIS) for reimbursing the Storage and Transportation cost of TOP crops (Tomato, Onion and Potato) to central nodal agencies & State designated agencies for transporting them from the producing State to consuming states in the interest of the farmers.

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